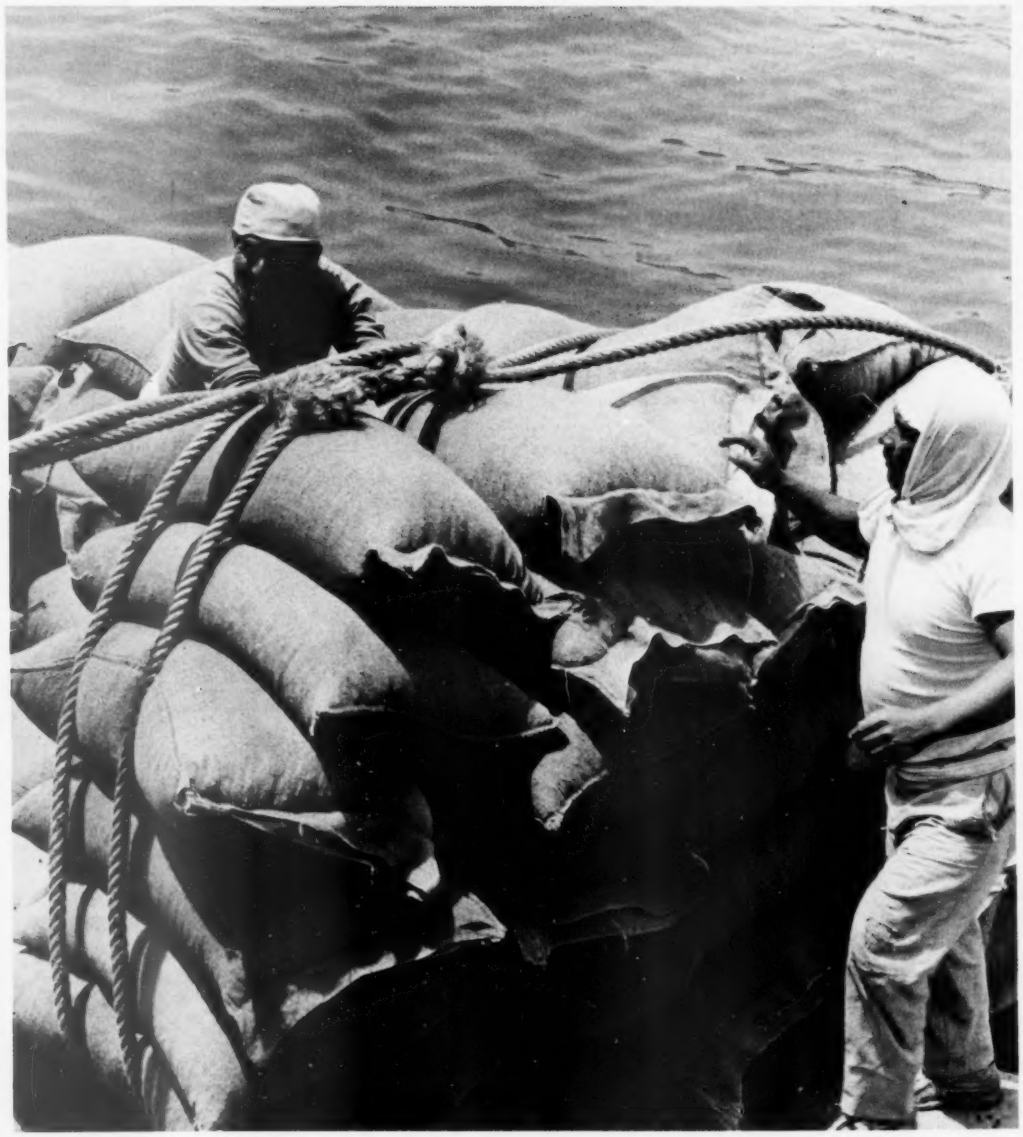
FOREIGN AGRICULTURE



Aug. 6, 1973

Peru Again Bans Anchovy Fishing

Korea's Farm Trade Booms

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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This week's cover:

At Peru's Huacho pier, sacks of fishmeal are loaded for transport to ships waiting out in the bay. Despite continuing shortages of anchovies, the Government has rescinded a ban on fishmeal exports. Recent reports also indicate that water temperatures and other conditions necessary for anchovy development have normalized. See article beginning this page.

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Peru Again Bans Anchovy Fishing, Fishmeal Supplies Tighten

By PAUL FERREE
U.S. Agricultural Attaché
Lima

THE CONTINUING shortage of anchovies off Peru's coast has caused the Ministry of Fisheries to ban anchovy fishing at least until October, with a possibility that commercial fishing may be suspended until March 1974. The resumption of even limited fishing will depend on the results of ocean surveys following the July-August spawning period.

The anchovy scarcity, caused by changes in ocean currents, caused Peru to ban fishing intermittently during the first quarter of 1973. The reduced catch—only 1.7 million tons thus far in 1973—has triggered a spiral in world fishmeal prices that, together with soaring demand for high protein feeds, has been cited as an important factor in higher prices for soybeans and soybean products on world markets.

Although Peru's Sea Institute reports that water temperatures and other conditions necessary for anchovy development have returned to normal, renewal of commercial fishing in October will depend on the results of exploratory fishing. Present prospects are bright along the southern coast—which accounts for a small share of the catch—uncertain on the central coast, and poor in the north. Consequently, the total catch for 1973 is not expected to exceed 3 million tons, compared to a normal 10 million tons.

If conditions continue to be favorable, experts believe that anchovy concentrations will return to normal in 2 years, with the 1974 catch possibly recovering to 7-8 million tons.

By the first of June 1973, after most Peruvian fishing companies ceased operations, the year's anchovy catch had yielded 37,000 tons of oil and 360,000 tons of meal—well below the amount already committed under export contracts. Nevertheless, the Government lifted the export ban on fishmeal and adopted a policy of shipping 30 percent of exportable meal to fulfill old contracts, with 70 percent as new sales at current high prices. No oil sales are expected, since the rather limited stocks will be used locally by industry and for cooking oil blends.

Government nationalization of the fishmeal industry is expected to increase production efficiency substantially. On May 7, it was announced that the industry would be reorganized into a new State company, called PescaPeru. Primary reasons given for the takeover were the heavy indebtedness of fishmeal companies, the need to rationalize industry structure, and the industry's dependence on a national resource.

PERU: ANCHOVY CATCH, FISHMEAL AND FISHOIL PRODUCTION
[In thousands of metric tons]

Year	Anchovy catch	Production	
		Fishmeal	Fishoil
1951	12	—	—
1955	59	20	1
1960	2,944	558	48
1961	4,580	864	119
1962	6,275	1,121	151
1963	6,423	1,159	155
1964	8,863	1,552	165
1965	7,242	1,282	125
1966	8,530	1,471	147
1967	9,825	1,816	292
1968	10,263	1,922	292
1969	8,960	1,611	248
1970	12,383	2,253	311
1971	10,274	1,935	409
1972	4,447	897	220

Source: Ministerio de Pesqueria.

Prior to the takeover, the anchovy fishing fleet reportedly was at least double the required size and the fishmeal processing industry—one-third foreign-owned—probably triple the necessary capacity. The industry comprises some 105 production plants, 1,486 anchovy boats, and 27,000 employees.

Settlement for Peruvian national and foreign owners alike includes 10 percent of a company's value in cash and the remainder in nontransferrable bonds maturing in 10 years at 6 percent annual interest. Evaluation of the companies' assets, including existing fishmeal stocks, is now underway.

Peru's fishing problem began late in 1971 when the Niño Current moved southward along the 1,400-mile coast, displacing the cold Peru (Humboldt) Current, and bringing in relatively warm Equatorial waters. At first, anchovy fishing was not affected, but the 73- to 80-degree water proved too warm for spawning and lacked elements for plankton growth. Studies at the Sea Institute estimate that replacements to the anchovy stock from the 1971 spawn dropped to one-seventh the normal level and from the 1972 spawn to one-fourth normal.

SHORTENED SUPPLIES caused the Peruvian Government to impose a ban on fishing in May 1972, thereby limiting the 1972 catch to 4.5 million tons, or about 44 percent of normal. The catch yielded slightly less than 900,000 tons of meal and 220,000 tons of oil. Because of relatively large stocks, however, Peru was able to export 1,528,170 tons of meal and 293,073 tons of oil during 1972, reportedly earning about $300 million.

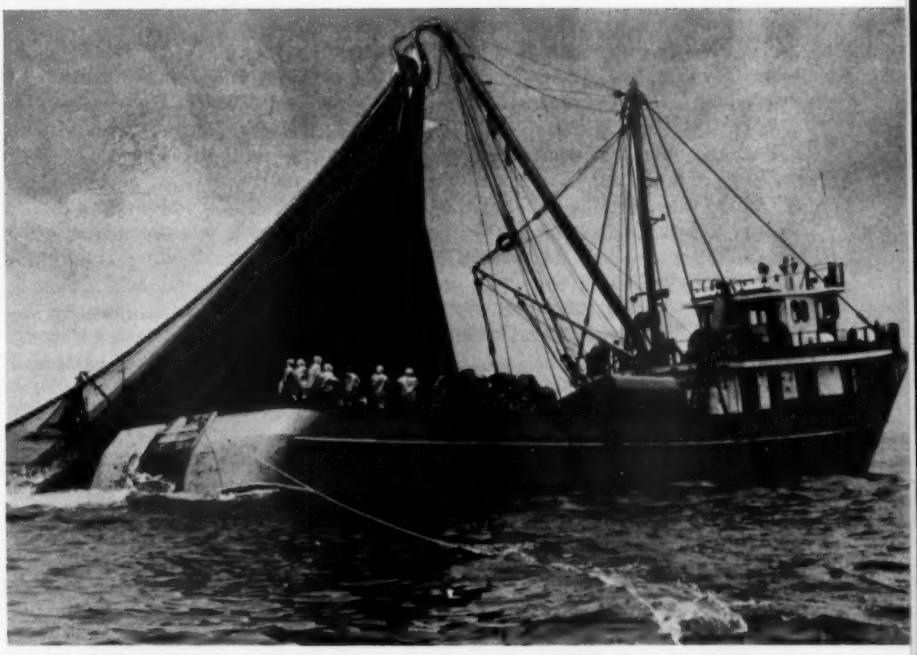
Coastal water temperatures remained high during the early months of 1973, causing fisheries scientists, who estimated the total anchovy supply at a low 4 million tons, to recommend caution in fishing operations. In March, however, water temperatures began to decline and exploratory fishing was resumed.

Catches in early March were surprisingly good, but were confined to a narrow belt along limited areas of the central and southern coasts. Much of the catch was of fish other than anchovies, however. Many anchovies were too small to be of economic importance and oil yields were low, indicating inadequate food supplies. As a result, fishing was suspended after 3 weeks.

By the time fishing resumed on April 9, the Niño phenomenon had disappeared and water temperatures were at normal levels over a wide area. Catches were much reduced, however, apparently due to dispersal of the limited stock. Fishing was best in the south, where generally half of the anchovies were of the legally accepted size of 4.7 inches.

In a normal year, about 20 million tons of anchovies are concentrated along the coasts of Peru and Chile in the saline, plankton-rich, 60-degree waters of the Peru Current. From a possible annual catch of 10 million tons, some 2 million tons of fishmeal and about 300,000 tons of fishoil are extracted, providing the country's leading source of export revenue. Fisheries scientists in Peru's Sea Institute carefully monitor the anchovy population, restricting fishing during the summer spawning periods and setting catch limits based on hypothetical "maximum sustainable yields."

Peru's fishmeal industry began a little more than 15 years ago, when the value of anchovies in animal feed was recognized. Previously, Peru had limited anchovy fishing to protect its guano industry. Anchovies are the main food source of the guanay birds that produce the guano that is mined for fertilizer from the islands along the South American coast.



Peruvian fishermen, above, hopefully set their nets for anchovies, despite a scarcity of fish that could cause Peru to continue to limit commercial fishing this fall. Fishmeal, left, processed from anchovies, is readied for export to feed processors worldwide from the new port of Pejerrey.

A Thriving Economy Bolsters Korea's Farm Trade

By JOHN B. PARKER, JR.
Foreign Demand and Competition Division
Economic Research Service

SOUTH KOREA, like many of the other developing countries of the Far East, is humming with economic activity these days, which in turn is fueling both sides of the country's farm trade. Thus, while Korean exports of farm products are hitting new highs, imports are also toppling records—in the process further establishing South Korea as the second largest Far Eastern market for U.S. farm products.

With the economic outlook still bright, and stocks of agricultural raw materials at low levels, these trends can be expected to continue during 1973. In fact, exports of U.S. farm products to South Korea set another record in fiscal 1973, climbing by almost 50 percent from the fiscal 1972 level to the half-million-dollar mark. This is triple the level of 4 years earlier.

Gains have been made in grains, soybeans, and cotton, with sharply higher prices for the latter two items sending values skyrocketing above 1972 levels.

Korean agricultural exports, on the other hand, will continue their record-setting pace, as a result of rising exports of silk, meat, tobacco, and horticultural products.

As an agricultural importer, South Korea has grown rapidly in the past several years, with total purchases in 1972 reaching $615 million. This topped the previous year's level by 11 percent and was almost quadruple the value recorded in 1966.

The import expansion reflects poor production results of late, plus burgeoning consumer and industrial demand. Thus, despite a natural resistance to the high prices now evident for many farm products, South Korea has found itself in the position of having to im-

Above, harvesting rice in South Korea. Right, carts full of Chinese cabbage, used for making the popular Korean dish, kimchi. Vegetable production is one of the country's most rapidly growing agricultural pursuits, almost tripling in the last decade.

Left, transplanting rice, and, right winnowing it by hand. Despite programs to expand rice production and shift demand to other grains, Korea remains one of the world's top rice importers.

A model feedlot. Interest in feedlot operations is growing in Korea as a result of strong export demand—especially from nearby Japan—and a growing domestic market.

port more grain and other commodities to prevent stocks from falling below their already depleted levels.

A growing livestock industry is also giving impetus to imports of grains and feed ingredients, as well as breeding stock. Last year, imports of live animals rose sharply, as programs to improve native herds were implemented and commercial feedlots expanded. Purchases of beef cattle for breeding rose to 1,120 from 280 in 1971, and those of foreign dairy cattle climbed to 2,699 from 1,753. Imports of pigs and baby chicks also increased. (Under the new tariff schedule, imports of breeding stock are now duty free.)

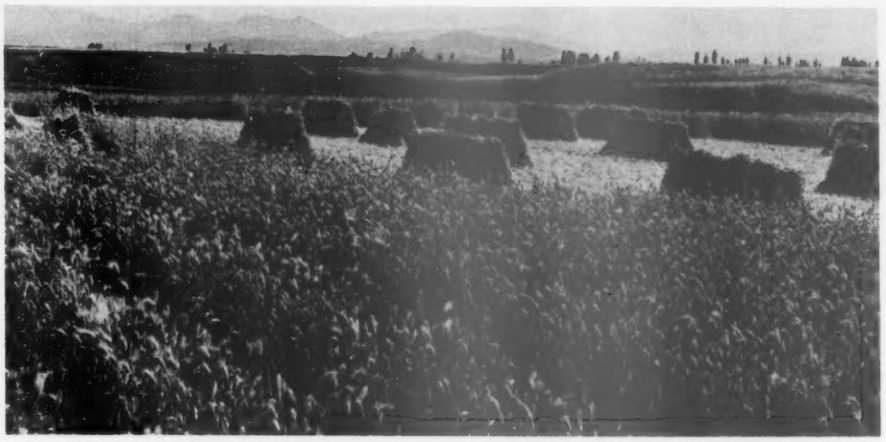
On the industrial side, demand for raw materials is not only increasing, but the list of imported items is growing as industry becomes more diverse. This broadening includes expanded demand for leaf tobacco, as a result of growing popularity of blended brands of cigarettes containing Virginia, burley, and oriental tobaccos; larger purchases of plants used by pharmaceutical industries; and expanded takings of tallow and hides and skins.

The United States share of this viable farm market is sizable, accounting for over half the total in recent years. At a record $363.5 million, U.S. agricultural exports to South Korea last year soared some 23 percent, with larger volumes and higher prices for wheat, rice, and corn accounting for the growth.

U.S. wheat exports to South Korea in calendar 1972 reached 1.8 million metric tons—34 percent above those in 1971. Rice shipments climbed to 566,000 tons from 1971's 482,000 tons, although 200,000 tons of these were delayed because of high prices. U.S. corn exports surged to 481,000 tons from 58,000 in 1967, reflecting further expansion in domestic demand, including growth in feedlot operations for beef cattle and hogs.

U.S. shipments of barley to South Korea, on the other hand, declined, while those from Australia rose. And the volume of U.S. soybean shipments was off more than 50 percent, as South Korea dipped into stocks in response to rising prices.

The United States also sent over $100 million worth of agricultural raw materials to South Korea for use by industries in 1972. This included $80 million worth of cotton, as well as tallow and cattle hides; value of the lat-



Harvesting barley—one of the crops being emphasized in Korea as a foodgrain to help extend current short rice supplies.

ter was double the 1971 level, again reflecting skyrocketing world prices.

This U.S. export growth is continuing in 1973—following some initial resistance to high world prices—with sales in fiscal 1973 estimated at $500 million. South Korea has a policy now of expanding agricultural exports and restricting imports, but this is difficult for a country that grows less than 2 percent of the cotton needed by a large textile industry and only about 10 percent of the wheat.

Moreover, the Korean rice position has fluctuated widely in recent years, reflecting varying crop results and growing consumer demand. Currently, the country is having to import large amounts of rice and once again much of this must come from Japan, since the United States and other suppliers have extremely small amounts still available for export. Currently, estimates are that imports from Japan might range between 150,000 and 200,000 tons. As in previous years, these would move under special long-term credit arrangements.

If Korea does not increase its rice imports, then it will have to increase the import pace for wheat and other cereals. Korean Government regulations already have been encouraging the switch to these alternative cereals.

During 1973, total Korean imports of wheat should increase at least 10 percent and those of corn by 12-15 percent. The value of cotton imports might be one-fifth higher than in 1972, and soybean imports could reach a value three times the previous peak.

On the export side, South Korea last year managed another export record, with agricultural shipments soaring some 25 percent above the previous $102-million peak set in 1971. Booming exports of pork to Japan ($6.2 million) and canned mushrooms to the United States ($7.4 million) accounted for a sizable share of the other growth. Exports of leaf tobacco dipped slightly below the $14 million of 1971. Shipments of ginseng (mostly to Hong Kong) and dried laver also declined.

This year, further rapid growth is expected, with South Korea's agricultural shipments likely to reach $160 million for a gain of 22.5 percent from 1972. Larger exports of silk, tobacco, and horticultural products will lead the advance, although further sharp gains can also be expected for pork and certain other food items. The target for mushrooms, one of the fastest growing exports of recent years, is $13 million. Tobacco exports may go to $20 million.

BESIDES REFLECTING changes in an agriculture adjusting to rapid industrialization, South Korea's trade growth last year mirrored widely divergent production results.

The rising imports of grains, for instance, were spurred by a short rice crop—off 9 percent from the 4 million tons of milled rice produced in 1971 as a result of heavy rains and resulting floods, which were especially hard on yields of the high-yielding variety.

Barley, the major crop grown during the winter, has been used increasingly by restaurants as a substitute for rice. Yet, barley production has not increased as scheduled. In the spring of 1972 barley output was slightly below 2 million tons, and late harvesting of rice last autumn delayed planting of the 1973 barley crop. Difficulty in increasing output of all cereals in 1972 caused stocks of grain to decline in rural areas. Corn production was down 16 percent, and wheat output was about one-third below 1971.

Efforts to increase soybean production also were not rewarding—farmers harvested only 2,000 tons more than the 222,000 tons produced in 1971. Farmers are being offered high prices for soybeans in 1973, but they are unlikely to boost production enough to refill the recent reduction in stocks held by industries.

Output of tobacco jumped 71 percent last year to a record 108,220 tons with flue-cured tobacco production up 57 percent to 75,675 tons and burley 118 percent to 32,050. Farmers received over $1,000 per ton from the sale of tobacco in 1972 and also benefited from a modern processing and marketing system, which has been developed with the help of large international firms engaged in tobacco trade.

Fresh fruits and vegetables made similar rapid gains in 1972, responding in part to further urbanization, the opening of large new grocery stores in major cities, and the rise in export sales of selected products.

Vegetable production (excluding 580,000 tons of potatoes and 1.9 million of sweetpotatoes) neared 3 million tons in 1972—almost triple the level of a decade earlier and 2 percent above 1971's. For tomatos, cucumbers, and lettuce, however, the production growth was not sufficient to meet domestic demand, and prices rose sharply in 1972. Mushrooms and asparagus were among the vegetables finding increased outlets in the foreign market.

Similar rapid growth has doubled South Korean production of apples and pears in the last decade and quadrupled output of peaches. Exports of fresh deciduous fruits reached $1 million in 1973. New markets for fruits have been developed in Indonesia, the Philippines, Singapore, and Japan.

Production of the major agricultural export, raw silk, climbed 10 percent last year to 3,350 tons. New methods of silk culture were partly responsible for the gain.

Drought Forces Morocco To Increase Grain Imports

TO OFFSET DROUGHT losses, which have caused an estimated 30 percent drop in grain production, Morocco hopes to import substantially more grain in 1973-74, a large share of which may come from the United States.

As of June 14, 1973, purchases totaled 162,000 metric tons for shipment during August-October. This included 74,000 metric tons from the United States, with the remainder from the European Community. Prices for U.S. wheat ranged from $3.64 to $3.67 (cost and freight) per 60-pound bushel and the EC price was $3.52 to $3.56.

Morocco has requested U.S. assistance in meeting its total 1973-74 wheat import requirements of 800,000 metric tons. According to the Minister of Finance, Bensalem Guessous, Morocco will not have foreign exchange reserves to pay for commercial wheat imports and simultaneously meet heavy import commitments of the new development plan.

Imports are expected to be about 80 percent wheat and 20 percent feedgrain.

During 1972-73, Morocco imported an estimated 538,000 metric tons of wheat (296,000 from the United States); 18,000 metric tons of corn (all from the United States); and 9,000 metric tons of barley (from other sources).

The rise in 1973-74 import requirements was caused by lower production this year. Combined 1972-73 production of the four principal Moroccan grains (bread wheat, Durum wheat, barley, and corn) had hit a near-record high of about 4.4 million metric tons. Production for 1973-74 is estimated at only 3.01 million, although planted acreage is up slightly from 10.1 million acres in 1972-73 to 10.5 million in 1973.

While abundant rainfall early in the season created almost ideal conditions for seeding and growth, rainfall was insufficient to sustain growth and development during the critical February-March period of 1973 in some western and southwestern provinces. The hardest hit areas are traditionally heavy barley producers, but serious wheat losses have also occurred.

Rainfall in April came too late to benefit crops in drought-affected regions. However, crops in most northern, eastern, and southeastern producing areas continue to progress satisfactorily. Wheat acreage is up and prospects are for better-than-average 1973-74 grain yields in those areas.

The first official estimates of acreage and production were recently released.

Durum production is estimated at 1.3-1.4 million metric tons, compared with about 1.7 million metric tons in 1972-73 and an average of 1.6 for the last 5 years. The estimated 1973-74 bread wheat crop of 590,000 metric tons is down from about 723,000 metric tons produced in 1972-73 but above the average of 545,000 for the last 5 years.

Barley will suffer the sharpest 1973-74 production drop. A yield of 0.9 million metric tons is predicted, compared with about 1.7 million metric tons in 1972-73 and an average of 2.4 million for the last 5 years.

Corn production is expected to be 220,000 metric tons, well under the 1972-73 level and below the average for 1968-72.

On May 19, 1973, Moroccan Minister of Agriculture Abdeslam Berrada announced an increase in prices paid to producers for 1973-74 crop grains. Bread wheat prices increased from about $2.83 to about $2.96 per bushel; Durum prices from about $3.09 to about $3.22; and barley from $1.42 to $1.47 at interior points and from $1.53 to $1.58 at ports. Flour and bread prices remained unchanged.

Obviously, the Moroccan Government announced the new prices to encourage commercial marketing of 1973-74 crop grains in the face of the mounting import deficit and to provide incentive for larger 1974 crop plantings. However, the increase is probably not significant enough to influence appreciably the level of commercial marketing of the 1973-74 crop. Prices on country markets are expected to stay well above officially announced prices due to a widespread tendency to hold grain at production points in anticipation of short supplies.

—Based on reports from
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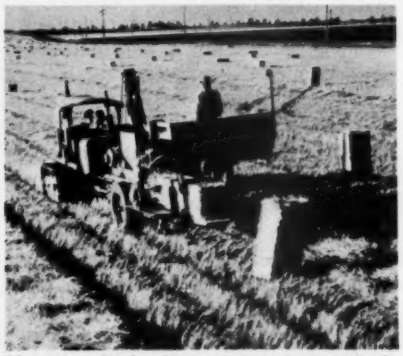
U.S. Agricultural Attaché, Rabat



Moroccan barley harvest, top, is expected to drop 47 percent this year, while total grain harvest will be down 30 percent. Left, harvesting wheat in the Fes region. Above, baling straw in grain field.

Above, bundling rice seedlings to be carried from nurseries to fields. Left, selling rice in plastic bags is a recent innovation in Thai rice retail markets.

Thailand Must Expand Rice Production Or Lose Export Markets

By BHORNCHAI KUNALAI
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Bangkok

THAILAND, the world's most important rice exporter in 1971 and 1972, will have trouble maintaining this dominant position if production does not increase.

In 1972, Thailand exported more than 2.1 million tons of rice, almost 30 percent of the rice traded in the world market. In late 1972, Thai rice supplies were plentiful and exports rose to record levels. But the new crop was small, and stocks disappeared as prices rose. In crop year 1972-73, when demand for foodgrains rose sharply as a result of a shortage of rice in the world market (see *Foreign Agriculture*, Feb. 12 and May 28, 1973), the countries of the world turned to Thailand. They found "The Rice Bowl of the Orient" nearly empty.

Thailand and the United States together normally supply about 50 percent of the rice traded in the world market. In 1971, the two countries exported almost half of the 7 million tons traded. World rice production that year was estimated at more than 300 million tons.

The world market for rice is small, and better-quality, higher-priced rice is usually sold in the developed countries such as in Europe. Since Thailand and the United States both produce this type of rice, the two countries compete in the same markets.

Thailand has a price advantage in East Asian countries, which import the majority of the rice available for export as transportation costs are lower.

During the past 50 years, when additional rice was needed for export and consumption, the people of Thailand cleared the jungles, leveled the land, and planted rice. According to official Thai statistics, the area in rice production expanded from approximately 4 million acres in 1907 to over 18 million acres in 1972. However, since larger areas of poorer land were now being cultivated, production per acre was actually lower in 1972 than in 1907. Also, there has been little increase in yield from excellent rice producing areas. Future production increases must come from better use of land already cultivated.

Improvement of techniques has been shown to be economically feasible. Present input is only $2 to $8 per metric ton of paddy produced. Even in the poorest harvests, farmers receive $30 to $50 per ton for their paddy crop. A small increase in investment could result in sizable returns.

Thailand is capable of doubling rice production in areas already cultivated through use of fertilizers and improved Thai rice.

Current yields are only 1,576 pounds of milled rice per acre. Test plots at the International Rice Research Institute in the Philippines have produced yields of almost 5,353 pounds of milled rice per acre. The Philippines have expanded yields from about 729 pounds milled rice per acre in 1967 to approximately 994 pounds milled rice per acre in 1970. Over 45 percent of Philippine riceland is planted with high yield varieties.

Thailand must increase production of rice in order to maintain a dominant position as a world rice exporter and to feed a rapidly growing population. The population in Thailand has been growing at a rate of 3 percent for the past 2 years.

Recently, the United States Agency for International Development (AID) announced a $5-million loan to Thailand. The loan is to be used by the Royal Thai Government to make loans to farmers, farmer groups, and cooperatives for approved projects including improved irrigation and crop storage facilities.

The Royal Thai Government allocates about $1 million each year for research in improved techniques of rice cultivation. New irrigation systems are being planned and built. More funds are spent

on fertilizers and pesticides. Hopefully, these expenditures will show results in time to prevent the loss of traditional rice markets.

THE ASIAN COUNTRIES, which are principal receivers of surplus Thai rice, would probably prefer self-sufficiency even at high cost. Japan, the only country to have met this goal, pays rice farmers $500 per metric ton, 3-5 times the Thai export price. Demand for Thai rice then, depends mainly on the inability of other Asian countries to obtain self-sufficiency. The Thai Government realizes that if a "Green Revolution" in rice occurs in Asia, demand for Thai rice will shrink significantly and prices will fall. Thailand would lose a major source of foreign exchange.

In the current crisis caused by the long drought, rice exports in 1973 will be about half the record 2.1 million metric tons shipped in 1972. Encouraged by the Government and record prices during the peak of the harvest season (January-February 1973), farmers planted a record second crop. Despite late planting and early dry weather, one-half million metric tons of paddy were harvested. Although representing only about 4 percent of total harvest in a good crop year, this second harvest will help ease pressure on domestic supplies caused by last year's poor crop.

Rice is important to Thailand both as a staple food and as the largest single source of foreign exchange. The older generations worship rice as the tutelary deity "Chao Mae Po Sop," the Thai goddess of rice. A traditional plowing ceremony, attended by the King, is held at the beginning of the rice farming season, normally during early May. Rice production in Thailand probably dates back at least 9,000 years. Historically, rice farming has been subsistence farming and many ancient practices are still in use.

About one-third of the rice produced is glutinous. Only small quantities of this type of rice enter the world markets, as it is largely consumed where grown in northeastern Thailand and adjoining Laos. Thai glutinous rice can be distinguished before cooking by the chalky or milky opaque appearance of the milled grain. It is extremely sticky after cooking.

Nonglutinous rice has a more translucent quality before cooking. The texture of cooked nonglutinous rice is light and fluffy.

Rice marketing systems in Thailand have seen few changes since early times when farmers began to sell their surplus. At present, all services are rendered by middlemen, operating individually throughout the country. The middlemen finance farmers, buy and sell their paddies, and advance supplies needed by farmers and their families. Many middlemen run the grocery stores in the villages. The system has existed for so long and is such a deeply rooted tradition that it is difficult to change. There is no grain exchange in Thailand. Only recently have farmers been informed by radio and television of the true market value of their crops, the prices of which are controlled by the middlemen.

Until recently, all paddy for milling was brought to Bangkok, center of the rice trade in Thailand. However in recent years, thousands of small rice mills have been built in areas of rice production, causing several rice mills in the Bangkok area to close.

Price quotation meetings are held weekly by rice exporters to determine the domestic and export prices of rice entering export channels through private exporters. The Royal Thai Government also trades in rice, chiefly making large volume sales to other governments. Government-to-government sales are designed to assure supplies to regular buyers and to keep the price of Thai rice at a competitive level. The Government can adjust export premium rates imposed on government-to-government rice exports. In practice, in government-to-government sales, private exporters supply rice to the Government at prices set by the Government. They receive payment in Thai baht instead of foreign exchange.

There are about thirty recognized exporters of rice registered with the Foreign Trade Department. These qualified exporters have many years of experience and have generally exported large volumes of rice. There are a few newcomers to the rice export trade. They are allowed to make sales contracts for registered exporters and enjoy brokers' commissions but do not make exports.

Thailand Bans Exports of Rice

On June 13, the Royal Thai Government imposed a ban on all rice exports except for small purchases by Indonesia and sales for which export licenses had already been obtained. The ban is part of a continuing effort to curtail hoarding and speculation and to insure adequate domestic supplies at acceptable prices.

Earlier in the year, an outright ban was considered unlikely because of the Government's rigid control of exports through requirements of presale approval imposed early in January. Exporters were also required to sell to the Government at artificially low prices an amount equal to 10 percent of the quantity approved for export. At present, they must sell to the Government an amount equal to their exports, and in the future may be required to sell twice this amount.

In response to shortages and high prices, farmers have produced a record second rice crop of 300,000 metric tons milled rice, which has relieved pressure on domestic supplies and prices. Also, early monsoon rains auger well for a large December crop, the major harvest. Due to these factors the Government-imposed export ban may be lifted soon. Indications are that restrictions will be dropped on trade in parboiled rice and white brokens not consumed locally.

Government restrictions caused June exports to fall to 40,344 metric tons milled rice from 181,055 metric tons exported in June 1972. Exports in April and May were 60,252 metric tons and 41,260 metric tons, respectively, compared with 147,487 metric tons and 170,303 metric tons in the equivalent periods last year. These low exports caused 1973 exports through June to total only 646,556 metric tons, compared with 993,763 metric tons exported during the same period last year. Exports for January-March had been 2 percent higher than in 1972 or 504,701 metric tons, over 70 percent to Asian countries. Principal importers were Indonesia, Senegal, Singapore, Hong Kong, and Bangladesh.

Spain Boosts Livestock Output To Reduce High Meat Imports

IN AN ALLOUT effort to substitute domestic production for high-priced meat and dairy imports, Spain is intensifying long-term efforts to expand its livestock industry, with a high proportion of inputs—feedgrains, soybeans, and breeding cattle—coming from the United States.

With the spotlight on livestock production, Spain's mixed feed output continues to rise. Production of high protein feeds approached 5 million tons last year, strengthening the market for U.S. feedgrains, soybeans, tallow, and vegetable oil residues. Imports of hides and skins for Spain's important footwear industry continued to grow, with a significant proportion of needs filled from U.S. supplies.

Ballooning feedgrain purchases—largely of corn—were the primary factor in boosting U.S. exports to Spain in 1972 to a record $300 million, compared with $180 in 1971, and elevating Spain to the seventh leading U.S. dollar market. Although the U.S. share of Spain's agricultural imports has declined in recent years, the United States remains the single leading supplier, providing about one-fourth of all farm imports in 1972. Of this, 80 percent was soybeans and feedgrains.

By developing the domestic livestock industry, Spain would like to reduce its dependence on imports of dairy products and meat, especially beef, which usually cost the country more than $100 million a year. By September 1972, however, meat and meat preparation imports zoomed to about $120 million.

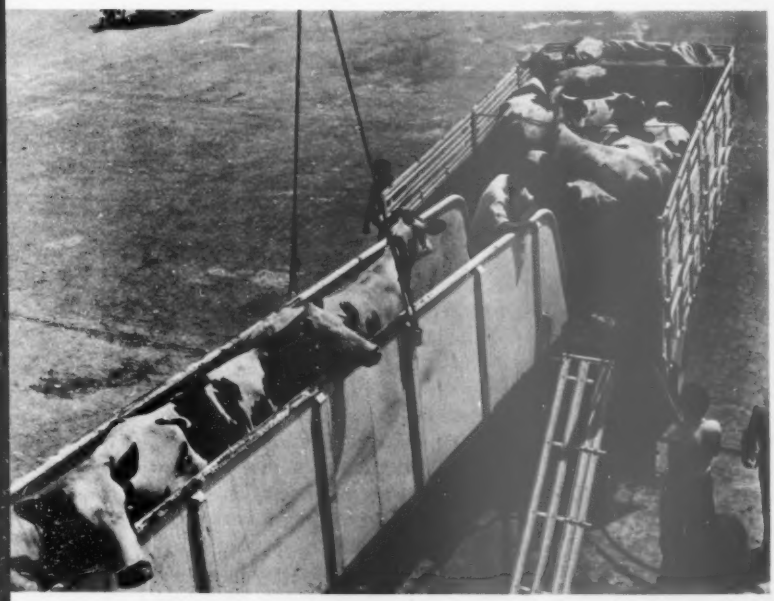
As in other developed countries, Spain's fast growing domestic economy and more affluent population have heightened red meat demand. Some 31 million tourists who visited Spain last year added to the clamor for high-quality red meat.

Consumer demand for red meat (production plus imports) rose from 700,000 tons in 1965—52 pounds per person—to an estimated 1.3 million tons in 1972—97 pounds per person. Although red meat production has nearly doubled since 1965, output of slightly more than 1 million tons in 1972 was well below domestic needs, necessitating imports of $106 million worth of red meat by September 1972.

Demand for milk and milk products has also been in excess of domestic output until 1972. Although milk production rose 60 percent between 1965 and 1972 to total nearly 4 million tons, annual imports of about $20 million worth of dairy products have been necessary. Although there was an oversupply of milk in 1972, inadequacies in the distribution system were one reason that Spain had to import $21 million worth of dairy products by September 1972.

To reduce foreign exchange expenditures, Spanish economic goals include self-sufficiency in livestock production by the end of the 1970's. Efforts to upgrade and expand herds should stimulate the already-strong market for U.S. breeding cattle, particularly Holsteins. Since November 1971, Spain has purchased over 1,500 U.S. Holsteins and further imports are likely.

Bolstering these sales are subsidy programs established in 1972 that provide up to 30 percent of value on imports of Holstein-Friesian and Brown Swiss purebred cows. Liberalized trade policies now permit imports of nonregistered cattle, and tariffs on purebred cattle have been eliminated. The Government has announced plans to import between 60,000 and 90,000 head of



breeding cattle during 1973-76.

To boost meat availability, Government programs last year increased support prices to livestock producers and continued to provide premiums for heavier or improved-quality calf, lamb, and hog carcasses. Although these actions will benefit the industry in the long run, the immediate effect was to reduce meat output in 1972—as producers held stock to higher weights—prompting sharp rises in consumer meat prices and the cost-of-living index.

As a result, the Government had no recourse but to increase imports of frozen and chilled beef, pork, and mutton last year.

Higher producer prices also encouraged expanded milk and dairy product output. Price and support policies for poultry, instituted in 1972, have helped to stabilize this industry, especially for poultry meat.

Spain's policy efforts to develop the livestock sector resulted in steadily increasing utilization of feedgrains during 1972, mainly corn, sorghum, and millet. Although domestic corn output reached a record 2.2 million tons last year, responding to rising Government input subsidies that have contributed to increased area and yields, corn imports mounted to 2.4 million tons.

Feedgrain imports from the United States—nearly all of corn—gained dramatically last year owing to short supplies in other corn-producing countries. Spanish importers purchased U.S. corn valued at $79 million in 1972, contrasting sharply with alltime low sales in 1971 of only $200,000.

A decade ago, the United States was Spain's major feedgrain supplier, accounting for two-thirds of the market. The U.S. share has trended steadily downward—until 1972—because of strong price competition from Southern Hemisphere countries. Spanish preference for Plata corn, and higher domestic production.

SPAIN'S PURCHASE of Argentine corn rose from $40 million in 1966 to $125 million in 1971. From Brazil, corn shipments soared from less than $1 million in 1966 to $31 million in 1971. Although Spain has not upped purchases of French corn, these imports totaled a healthy $14 million in 1971, only slightly less than in 1966.

The upturn in U.S. corn exports to Spain should be sustained this year, provided U.S. corn remains competitive in quality and price. Long-term, however, Spain will probably continue to favor other suppliers, unless the United States offers incentives such as credit or private trade agreements. Moreover a bumper supply of Argentine corn will be available to the Spanish market this year.

Argentina is also Spain's major supplier of grain sorghum, providing more than three-fourths of all imports in 1971. Although U.S. grain sorghum sales mounted to 53,000 tons in 1971, shipments were negligible last year.

No such uncertainty exists in the market for U.S. soybeans. With purchases of $162 million in 1972, Spain is the fourth largest buyer of U.S. soybeans, which are crushed locally for feed and edible oil use. Sales should continue strong in 1973 owing to a burgeoning demand for animal feed, smaller supplies of other protein products, and a projected gain in domestic consumption of soybean oil.

The use of soybean oil by Spanish consumers frees the country's more expensive olive oil for export, as well as increasing domestic oil availability and lowering prices. Spanish crushers are promoting soybean oil use with some success, since the Government is determined to build up oil stocks shortened by the poor 1971 olive crop and the rising market for higher priced olive oil. In 1971 Spain exported $143 million worth of olive oil, more than double the previous 5-years' average.

A Government restriction on crushing of imported soybeans was initiated in 1969 to dispose of surplus olive oil. The ban forced protein meal imports to a high of $10 million that year. Because of high demand for olive oil in recent years, however, the ban has not been enforced.

Imports of U.S. soybeans for domestic crushing have dominated Spain's mixed feed market in recent years. Although Brazil's soybeans compete in the Spanish market, exports are relatively small. Protein meals—particularly soybean—are second only to grain as a feed component.

Spain's domestic output of mixed feed averages an annual 5 million tons. Although more than 1.5 million tons of oilseeds were crushed in 1971, demand for nongrain feed concentrates has outpaced production, and imports have increased steadily. During the past 2 years, meatmeal and fishmeal comprised two-thirds of these imports, and imports of U.S. feed concentrates—mainly soybean cake and meal—totaled only $4.6 million in 1972.

This year, the higher cost of protein meals, especially soybean, and supply problems with fishmeal widened the variety of feedstuffs used in Spain to include synthetic aminoacids, pulses, and alfalfa meal.

Spanish efforts to produce soybeans domestically at competitive prices have met with little success. Efforts to expand oil supplies through sunflower and safflower production have been more successful, but prospects of these crops increasing the level of self-sufficiency in oilseeds are slight.

Spaniards are becoming more aware of the usefulness of tallow in animal feeding and Spain is the third largest market for U.S. tallow. In 1972, U.S. exports of tallow to Spain amounted to $13.5 million, representing 8 percent of U.S. tallow sales.

Reduced slaughter last year also perpetuated an acute shortage of cattle hides and skins for Spain's footwear and leather trade, with the result that imports from the United States in 1973 will probably reach a record high. Last year, Spanish purchases of U.S. hides and skins totaled a record $11 million.

—Based on dispatches from
CLARENCE L. MILLER
U.S. Agricultural Attaché, Madrid

U.S. Holsteins (far left) disembark in Spain. Center, farmer pours feed containing U.S. soybean meal. Above, girls roll croissants prepared with U.S. soybean oil.

Agricultural Exports Play Key Role In the Zaire's Economy

By ROSS L. PACKARD
U.S. Agricultural Attaché
Kinshasa

THIRD LARGEST country in Africa, the Republic of Zaire gets about one-fifth of its foreign exchange earnings from agricultural exports, most of the balance from copper. In years of low copper prices, agriculture looms even larger in the country's economy. Principal agricultural exports are palm oil, coffee, and rubber, followed at a distance by tea, cocoa, cotton, and pyrethrum. Somewhat less than 20 percent of these go to the United States.

In 1971 Zaire found itself with a deficit balance of trade after several favorable trade years. Of the $669 million earned in foreign exchange that year, agricultural products accounted for $126 million and copper earned $430 million, even with lower prices. Although world copper prices have risen sharply this year, the Zaire is continuing to place great importance on its agricultural export trade.

The United States has become a rather important trading partner for the Republic of Zaire with the balance of trade largely in favor of the young nation. However, the Zairian Government has expressed a willingness to look toward the United States for a greater share of its imports, U.S. agricultural exports to the Zaire in 1971 consisted mainly of wheat flour, unmanufactured tobacco, and rice. However, with the recent opening of a wheat milling complex in Matadi, Zaire will import approximately 100,000 tons of U.S. wheat annually.

Of the $21 million in raw tropical products imported by the United States from Zaire in 1971, coffee accounted for $8 million, palm kernel oil $4.4 million, and crude rubber $5.3 million. Lesser amounts of palm oil, eucalyptus oil, cocoa beans, tea, and pyrethrum made up the balance of 1971 U.S. imports.

Coffee is Zaire's No. 1 agricultural foreign exchange earner, adding some $50 million annually to the economy. Exports in 1971-72 totaled 78,000 metric tons. Robusta, claiming 85 percent of the production, is the major type exported. While Arabica exports are smaller, this variety is important as its quality is preferred by some markets. The United States imports considerable amounts of Zairian coffee—some $16 million in 1972.

Second in foreign exchange value is **palm oil**, with export earnings of $25 to $30 million annually. As a world leader in palm oil production, Zairian exports totaled 112,000 metric tons in 1971, but preliminary estimates place 1972 exports below 100,000 metric tons —possibly close to 85,000 tons. In 1959, the year preceding Zairian independence, exports reached 184,000 metric tons, but declined in 1965 to a low of under 77,300 metric tons when the industry was disrupted by civil disorder.

West Germany, Italy, Belgium, the Netherlands, and France are the major customers for the country's palm oil.

An important offshoot of palm oil production is the crushing of palm kernels for **palm kernel oil,** which provides another $10-$11 million annually in foreign exchange. The United States imports about $5 million worth each year, and the Netherlands is the other big purchaser. Zairian annual exports have been running at almost 45,000 metric tons, but dropped to 40,000 tons last year with production the lowest since 1969.

Rubber has had financial problems in the industry due to low prices. Annual production levels during the past 2 years are estimated at about 30,000 metric tons, sharply lower than the 42,640 tons reached in 1968. Rubber exports have been bringing about $14 million in foreign exchange, but dropped to less than $12 million this past year.

SINCE ZAIRE attained independence, **tea** production has almost doubled to the current level of about 9,000 metric tons. This is one of the few crops in which production has increased sharply during this period. Exports in 1972 totaled 6,388 metric tons, valued at more than $2.6 million.

Cocoa beans, a crop grown mainly for export, has been produced only in small quantities for many years. Production remained steady through the late 1960's, reaching 7,000 metric tons, after declining during the mid-1960's. Exports of cocoa beans in 1972 were near the 6,000-ton level.

Other less important crops or by-products which enter the export trade include cotton, once quite important, and palm kernel cake, now a valuable item. Importance of these and similar items should be enhanced with the creation of the Zairian Foreign Trade Center (Centre Zairois du Commerce Exterieur). Its purpose is to increase Zairian exports by about 15 percent annually over the next 3 years by concentrating primarily on goods manufactured in the Zaire and on certain viable agricultural and mineral exports which have diminished since independence.

The Center is a significant step by the Zairian Government in becoming a supplier for neighboring African countries, as well as implementing the policy further by reciprocal participation in trade fairs throughout the world.

Port of Matadi, the Republic's one seaport, located on the Zaire River.

CROPS AND MARKETS

LIVESTOCK AND MEAT PRODUCTS

Estimate of 1973 U.S. Meat Imports Unchanged in Third Quarter

The third-quarterly estimate of 1973 meat imports covered by the meat import law remains unchanged from the second-quarterly estimate of 1,450 million pounds.

Imports of meat subject to the law (P.L. 88-482) have been entering without limitations since June 1972 when the voluntary restraint program was suspended by President Nixon. On January 29, 1973, the President issued a proclamation suspending meat quotas for calendar 1973.

Imports of meat subject to the law for the first 5 months of 1973 were 503.8 million pounds, 10 percent over the year-earlier level. Although the rate of increase is expected to be down for the remainder of the year, imports into the United States of 1,450 million pounds will be at a record level and about 8 percent over 1972 imports, excluding rejections.

World demand for red meats continues to be strong. However, export availabilities in Oceania—the major area exporting these meats to the United States—continue to exceed earlier forecasts and are expected to offset decreased availabilities from some other meat-exporting countries.

Greece Buys 14,200 Dairy Cattle; 1,300 From the United States

Greece recently purchased 14,200 bred dairy heifers as part of its program to substantially expand milk production. The cattle were scheduled for delivery in June. All were registered except for 1,300 Holstein-Friesians from the United States and 1,500 from West Germany.

Of the total, 8,400 were Holstein-Friesians from Holland, Canada, Denmark, West Germany, and the United States. Austria, Switzerland, and West Germany supplied 3,500 Brown Swiss, and Austria and West Germany 2,300 Simmentals.

Concurrent with the purchase of these dairy heifers, Greece also bought 1,650 unregistered bred beef heifers from Great Britain.

Greece is also planning to make future purchases of between 8,000 and 10,000 head of bred beef heifers for delivery during September-December of the current year. The actual number will depend on quoted prices.

The importation of small unregistered dairy-breed calves weighing around 100 pounds each, coming from herds having certifiable performance records, has also been authorized.

In addition to the 1,300 bred heifers in Greece's most recent purchase, the United States also exported 56 bulls to the latter country earlier in the year and may be able to supply an important share of future purchases of dairy-type animals. This is especially true because U.S. breeders can provide good-quality cattle whose potential production can be supported by documentation.

High Feed Costs May Cut Danish Pork Profits

Some Danish farmers have indicated rapidly rising feed prices may squeeze some of the profit out of pork production.

Fattening ration costs have reportedly mounted 70 percent in the past year. And although pork prices have also risen sharply, some producers believe feed prices could remain high throughout 1973, while pork prices may drop off later in the year.

The April 27 livestock census, which showed a drop in the number of bred sows, reflected this uncertainty. First-time bred gilts, normally a good index of future trends, revealed no change between March and April 27, the date of the census, and the final census figure was well under a year earlier.

Total bred sows were down from 608,000 to 597,000 in the 1-month period, and were 7.4 percent lower than a year earlier.

With the opening of new markets, some Danish exporters have experimented by trying to sell pork from heavier hogs, particularly in the EC-6 countries. It was thought Germany, Italy, and France were prime sales targets for fatter pork, but such was not the case. Since the original try, attempts to sell heavier hogs have been abandoned.

The strongest demand is still for lean Danish hogs of the normal bacon weight.

GRAINS, FEEDS, PULSES, AND SEEDS

Grain Exports and Transportation Trends: Week Ending July 20

Weekly grain inspections for export and grain moving in inland transportation for the week of July 20 and the previous week were:

Item	Week ending July 20	Previous week	Weekly average, June	Weekly average, fourth quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections, for export:				
Wheat	667	813	728	755
Feedgrains	999	1,065	893	738
Soybeans	155	75	174	238
Total	1,821	1,953	1,795	1,731
Inland transportation:				
Barge shipments of grain	(1)	636	550	376
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	35,706	37,242	33,519	30,769

[1] Not available.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 31	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	(1)	(1)	2.04
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	1.82
U.S. No. 2 Dark Northern Spring:			
14 percent	4.31	+14	1.90
15 percent	4.39	+14	1.99
U.S. No. 2 Hard Winter:			
13.5 percent	4.27	+13	1.82
No. 3 Hard Amber Durum	(1)	(1)	1.92
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	4.15	+12	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.52	+ 8	1.51
Argentine Plate corn	3.90	− 5	1.74
U.S. No. 2 sorghum	3.30	+ 7	1.49
Argentine-Granifero sorghum	3.28	+ 2	1.50
U.S. No. 3 Feed barley	2.82	+ 6	1.25
Soybeans: [3]			
U.S. No. 2 Yellow	8.95	−38	3.87
EC import levies:			
Wheat [4]	[5] .83	− 1	1.85
Corn [6]	[5] .34	− 7	1.25
Sorghum [6]	[5] .49	− 8	1.23

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

USSR Grain Estimate Unchanged

Based on crop prospects and weather conditions through July 20, the U.S. Department of Agriculture continues to estimate USSR gross grain production at approximately 195 million tons, compared with 168 million in 1972.

The principal factors affecting the USSR grain crop since the previous estimate (*Foreign Agriculture*, July 23, 1973) include on the positive side generally favorable weather throughout most of USSR. Offsetting developments that could affect this estimate were rains in south European USSR, which probably caused greater than normal lodging of winter grains, and the cool dry weather in northern Kazahkstan and the Urals, which may be retarding grain development somewhat.

EC Council Grain Actions

• Threshold prices for round-grain brown rice and for broken rice for 1973-74 have been fixed by the EC Council at $252.13 and $157.85 per metric ton, respectively. This represents a 1-percent increase over the 1972-73 price, thereby equaling the percentage changes imposed for most other grains.

• The EC Council of Ministers has accepted the Commission's proposal for threshold prices for grains for the 1973-74 crop year. Rye will increase by 6.7 percent over the 1972-73 level and all other grains by 1.1 percent. The percentage increases parallel those established in May for the 1973-74 target prices.

USDA Reports Export Sales Of Grain, Some Oilseeds, and Meal

Based on information received by the U.S. Department of Commerce, USDA reports undelivered export sales of grain, certain oilseeds, and meal as of July 6, 1973.

This information, as reported by U.S. exporters under Export Control Bulletin 84(a), will be summarized each week under a cooperative arrangement between the Departments of Agriculture and Commerce.

ANTICIPATED EXPORTS IN INDICATED MARKETING YEAR [1] OF GRAIN, SOME OILSEEDS, AND MEAL, AS OF JULY 6, 1973

[In thousands of metric tons]

Commodity	1972-73	1973-74	1974-75
Wheat, totals	0	24,920	498
Hard Red Winter	0	16,754	367
Soft Red Winter	0	376	0
Hard Red Spring	0	4,538	93
White	0	1,538	1
Durum	0	1,532	36
Mixed	0	81	0
Barley, unmilled	0	1,724	0
Rye, unmilled	0	498	0
Oats, unmilled	0	644	0
Corn, except seed, unmilled	10,592	21,381	84
Grain sorghum, unmilled	1,952	2,283	0
Rice	87	245	4
Soybeans	2,013	12,904	225
Soybean cake and meal	1,831	4,763	1
Cottonseed, cottonseed cake, and meal	31	12	0

[1] Marketing years for these crops are as follows: Wheat, barley, rye, and oats—July 6 to June 30, 1973 and July 1, 1973 to June 30, 1974; and July 1, 1974 to June 30, 1975; rice and cottonseed—August 1 to July 31; soybeans—September 1 to August 31; and corn, grain sorghum, soybean cake and meal—October 1 to September 30.

FATS, OILS, AND OILSEEDS

Canada Lowers Freight Rates For Rapeseed Oil and Meal

The Canadian Transport Commission (CTC) has ordered freight-rate reductions on rapeseed oil for export and rapeseed meal. The new rates will go into effect August 1 for a 1-year interim period.

The lower shipping rates are expected to facilitate exports of rapeseed oil and both export and domestic shipments of rapeseed meal from western Canada.

Canada Places Other Agricultural Commodities Under Export Control

To protect inventory supplies, Canada placed edible oils, animal fats, and livestock protein feeds under export control, effective July 9.

Placed under licensing control were: Crude or refined soybean oil, linseed oil, rapeseed oil, sunflower oil, and corn oil in 45-gallon units or over; sunflower, cake and meal; alfalfa products; packinghouse products such as meat, bone, blood

and feather meals; all mixed feeds for livestock and poultry; lard in 20-pound units or over; tallow; brewing byproducts such as distillers solubles and brewers' and distillers' grains; corn gluten feed and meal; soybean lecithin; and methionine.

India's Monsoon Progress Favorable in Peanut Areas

India's major peanut-growing areas in Mysore, Andhra Pradesh, Maharashtra, Madhya Pradesh, Gujarat, Rajasthan, and Uttah Pradesh are reported as having received abundant monsoon rainfall during the first 2 weeks of July. Assuming a continuation of favorable growing conditions, peanut production is expected to recover substantially from the drought-reduced level of the previous year.

Total peanut production in 1972 is currently estimated at 4.3 million metric tons, compared with the record 1970 harvest of 6.1 million tons and the 5-year average for 1966-70 of 5.2 million tons.

India's Vanaspati Output Up in 1972, To Fall This Year

India's production of vanaspati (hydrogenated vegetable oil) has risen each year since 1967 and reached a peak of 602,245 metric tons during 1972. This compares with 590,172 tons during 1971, the industry's second best year, according to the Vanaspati Manufacturers' Association of India. Production in 1972 would undoubtedly have been better had it not been for a shortage of vegetable oils and high prices at the end of the year.

In 1972, 58 percent of the oil used in the manufacture of vanaspati was peanut oil compared with 66 percent the year before. In percentages, the oils used for vanaspati in 1972 are contrasted with the 1971 figures (in parentheses): Cottonseed oil, 21 (12); soybean oil and palm oil, 12 (16); sesame oil, 7 (6); and safflower oil, 2 (0).

Because of the severe shortage of vegetable oils this year, production of vanaspati in 1973 is not expected to exceed 500,000 metric tons.

Japanese Team Studies Brazilian Soybean Situation

A six-man Japanese team representing three trading companies, the Hokkaido Prefectural Government, the All Japan Tofu Association, and the Japan Oilseed Processors Association, visited Brazil in June to survey the soybean situation there. The team reported that Brazilian soybeans are suitable for oil crushing.

It was also reported that Japan has purchased 120,000 metric tons of Brazilian soybeans for June-August shipment.

Tunisia Expects Record Olive Oil Outturn

Early indications concerning the 1973-74 Tunisian oilve crop point to olive oil production that may equal or surpass the 1971-72 record of 167,000 tons. Favorable moisture conditions combined with a natural upswing in the cyclical production pattern after the sharp decrease in 1972-73 make a big crop probable for 1973-74.

Tunisian olive oil exports ranged from a high of 140,000 tons in 1971-72 to only 41,000 tons in 1972-73.

FRUIT, NUTS, AND VEGETABLES

French and Italian Cherry Packs Short

The 1973 fresh cherry crop was hit by bad weather in France and Italy. As a result, processing supplies were short in both countries and prices rose sharply as the season progressed. Brined and glacé cherry supplies will be inadequate to meet European, Japanese, and U.S. demand.

The French 1973 fresh cherry crop is estimated at 100,000 short tons of harvested production—down 4 percent from the 1972 harvest of 104,100 tons; Italian fresh production is placed at 193,000 tons, against 220,100 last year. In both countries, rain and snow at blossom time hindered fruit setting and hot dry weather followed by rains at harvest time caused fruit splitting. Also, good prices on the fresh market in Europe have reduced sales to processors in both France and Italy.

The Italian brined pack (exclusive of cherries purchased by the French glacé industry) is estimated at 7,700 short tons (drained, pitted, and stemmed) down considerably from the 9,400 output in 1972. As usual, an unknown quantity of cherries was shipped, temporarily preserved by sulfur dioxide.

French 1973-74 glacé cherry production is estimated by local sources at 17,600 tons, of which 7,700 tons represent the local product and 9,900 tons are to be packed from imports of Italian cherries. There is some doubt that France will actually be able to import this volume considering the small Italian harvest. In 1972-73, the French glacé pack totaled 18,700 tons of which 9,200 tons were French fruit and 9,500 tons were Italian.

Prices rose sharply as the short pack became apparent. Italian first-quality brined cherries were quoted at 49-51 U.S. cents a pound in mid-June 1973, compared with the more normal level of 26-27 U.S. cents in June 1972. No quotations are available for French glacé cherries. However, if the Italian prices are a reliable indication of raw material costs, the pessimism of the French and Italian trade about sales to the United States being small this year seems well founded.

Dollar devaluation and high European prices support this contention. Trade sources further indicate that rapidly rising costs of production along with the devaluation indicate the U.S. market will not be an attractive outlet in future years.

Venezuelan Apple and Pear Imports for June 1973

An unofficial tally of apple and pear imports for June (compiled from daily reports of the Venezuelan Port Authority) in metric tons shows:

- **Apples.** United States, 30; Chile, 403, New Zealand, 630; Australia, 720.
- **Pears.** Argentina, 240.

Australian Dried Fruit Output Half the Size of Last Year's

Heavy rain and flooding during the Sultana raisin harvest cut 1973 Australian dried fruit production to 67,700 short tons, only slightly more than one-half the 1972 crop of 124,000 tons. Sultana production is estimated at 49,000 tons, slightly less than one-half the 1972 level of 102,400 tons. Harvesting

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was difficult because of wet fields and a significant portion of the Sultana pack will fall in the lower grades.

Currant production totaled 5,900 tons (8,400 in 1972) and lexia output 5,700 tons (6,800 in 1972). Production of prunes is estimated at 3,500 tons, apricots 2,700 tons, peaches 500 tons, and pears 400 tons.

Exports of dried fruit will be substantially below the 1972 record level because of the short 1973 Sultana crop. The 1972 exports of Sultanas totaled 78,500 tons, lexias 3,100 tons, and currants 4,000 tons.

The United Kingdom, Canada, and New Zealand remain substantial markets for all three items. Japan bought Sultanas and lexias, while West Germany was an important customer for Sultanas. The United States became the largest market for Australian prunes in 1972, accounting for 256 tons of the 1,417-ton total.

COTTON

Brazil Sets Export Quota On Northeastern Cotton

Following the recent embargo on further export registrations for south Brazil's lint cotton, Brazil's Customs Policy Council (CACEX) has established an export quota of 230,000 bales (480 lb. net) on cotton from the upcoming northeastern crop (harvested July-September). Trade sources now place northeastern production at between 920,000 and 965,000 bales.

The quota is to be distributed among traditional exporters on the basis of their performance during the season ending July 31, 1972. Underlying the earlier embargo and the export quota is a commitment to ensure adequate supplies for the domestic industry, while allowing a greater degree of freedom in the marketing of cotton abroad.

Despite these latest policy actions, cotton sellers have been unwilling to offer lint for sale either locally or for export under the 230,000-bale quota because farmers and ginners had failed to reach a price agreement.

Bolivian Cotton Growers Mechanizing Operations

Cotton farmers in the Bolivian State of Santa Cruz will probably switch from hand cotton-picking to machine use in the near future, according to a report from the Bolivian capital. One mechanical picker has already arrived in Santa Cruz and five more may have reached there by now. Some 100 could be in use next year.

The difficulty in obtaining enough hand pickers is given as reason for the change.

Queensland Opens Third Cotton Gin

A new cotton gin costing some US$1 million was opened recently at Biloela in central Queensland, the third gin established in this Australian State. Opened in time to process the current 32,000-bale, US$5.7-million crop, 50 percent of the gin's current production reportedly will be exported this year. The gin will serve the Dawson-Callide area that has produced some cotton since 1923, but it is located outside the heaviest production region of the Namoi River Valley.

New Foreign Agricultural Circulars

- U.S. Imports of Vegetable Fibers (Other than Cotton) in 1972 (FVF-2-73)
- Record World Tobacco Trade in 1972 (FT 3-73)
- High Prices No Deterrent to U.S. Exports of Soybeans, Meals, and Cottonseed Oil; Soybean Oil Exports Lagging (FFO-11-73)
- April U.S. Trade in Livestock, Meat, and Meat Products (FLM-11-73)
- World Red Meat Production in 1972 (FLM-12-73)
- World Livestock Numbers in 1972 (FLM-13-73)

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